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# REVIEW OF TECHNICAL COOPERATION ACTIVITIES OF UNCTAD

Report by the Secretary-General of UNCTAD

Overview of technical cooperation activities (TD/B/44/11)

Annex 1 - Review of activities undertaken in 1996 (TD/B/44/11/Add.1)

Annex 2 - Statistical tables (TD/B/44/11/Add.2)

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# OVERVIEW OF TECHNICAL COOPERATION ACTIVITIES

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## INTRODUCTION

1. This report seeks to facilitate the Trade and Development Board's annual policy review, pursuant to paragraph 107(b) of "A Partnership for Growth and Development" adopted by UNCTAD IX, of the technical cooperation activities of UNCTAD.

2. The report is also submitted to the Working Party on the Medium-Term Plan and Programme Budget for its forthcoming review of the technical cooperation activities undertaken by UNCTAD in 1996. The results of the Working Party review will be before the Board.

3. The report consists of three parts:

- An overview of the technical cooperation programme, including information on recent developments and recommendations on policy issues. The Board is invited to focus its attention on this document;

- Annex I containing a programme-by-programme description of activities undertaken in 1996, together with the corresponding project list. The Working Party is invited to base its review on this document; and

- Annex II containing statistical information on UNCTAD's technical cooperation.

## SUMMARY

4. Recent highlights in UNCTAD's technical cooperation include:

- continued growth in activities represented by delivery in 1996 of 169 person years of technical assistance, organization of seminars and workshops for training and human resource development, further enhancement of UNCTAD's software programs; implementation of some 350 projects, and a 20 per cent increase in trust fund contributions received in 1996;

- a technical cooperation strategy adopted by the Trade and Development Board, the first such comprehensive policy statement in UNCTAD;

- the first three-year plan for technical cooperation, adopted in 1997, representing the first opportunity to apply the priorities in this field established at Midrand;

- focus on least developed countries (LDCs), i.e. an increase in the share of LDCs in overall delivery, the priority accorded to LDCs by the strategy and the establishment of the LDC trust fund;

- deepening of cooperation with other organizations engaged in trade-related technical cooperation, particularly WTO and ITC.

# I. OVERVIEW OF ACTIVITIES IN 1996

Trends in delivery

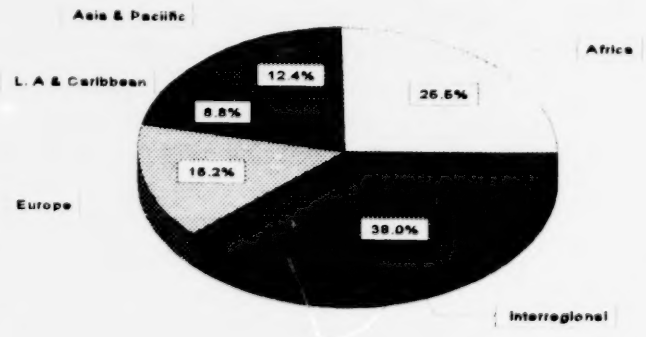
5. UNCTAD's total technical cooperation expenditures from all sources amounted in 1996 to US$22.4 million, an increase over the previous high in 1995 of $22.0 million. Overall, the level of annual expenditures in nominal terms in the 1990s has been maintained at around $20-24 million. In 1997 the figure is expected to increase by about 10 per cent to around $24 million (table 1).

6. As table 1 shows, there has been a continuing decline in the share of expenditures originating from UNDP, matched by an increase in trust fund contributions. Paragraphs 15 to 23 discuss resource mobilization issues against this background.

7. Table 2 provides information on expenditures for least developed countries and on regional and programme shares, for the period 1993-1996. The LDCs' share in 1996 amounted to 31 per cent of total technical cooperation expenditures, up from the 1995 low of only 27 per cent. This relative share is expected to increase to around 40 per cent by 1999, in implementation of UNCTAD IX and of the UNCTAD technical cooperation strategy that assigns priority to LDCs. The trust fund for LDCs is now operational, new programmes for LDCs have recently been launched and others are available for funding.

8. Table 2 and figure 1 also show the distribution of expenditures by region. In absolute terms, expenditures in the African region registered a modest increase in 1996 over 1995, while Asia and the Pacific region and Latin America and the Caribbean registered a slight decline in 1996. The share of the interregional programme increased. Expenditures in the Eastern European transitional economies showed a slight increase in 1996 over 1995, reaching a level of 15 per cent; such expenditures are expected to decline in 1997 and thereafter.

Figure 1: Expenditure by region, 1996




9. Table 3 details the 1996 expenditure by programme, according to the present structure of the secretariat. The Division on Services Infrastructure for Development and Trade Efficiency (SITE)

## Table 1

**Evolution of UNCTAD's total technical cooperation expenditures, by source of funds in US$ million (1990-1997)**

| | 1990 | 1993 | 1994 | 1995 | 1996 | 1997* |
|---|---|---|---|---|---|---|
| **UNDP** | 17.4 | 10.9 | 10.8 | 7.8 | 6.1 | 7.5 |
| **Trust funds** | 3.6 | 8.8 | 10.0 | 13.4 | 15.8 | 16.0 |
| **Regular programme** | 0.6 | 0.6 | 0.5 | 0.8 | 0.5 | 0.5 |
| **Total** | 21.6 | 20.3 | 21.3 | 22.0 | 22.4 | 24.0 |

* Forecast as of June 1997.

## Table 2

**Technical cooperation expenditures, 1992 - 1996: by LDCs, by region and by programme a/**
(In thousands of US$)

| | 1993 | 1994 | 1995 | 1996 |
|---|---|---|---|---|
| I. TOTAL | 20 280 | 21 395 | 21 953 | 22 440 |
| II. LDCs Total | 7 215 | 6 827 | 6 018 | 6 988 |
| III By region: | | | | |
| - Africa | 5 677 | 4 856 | 5 232 | 5 724 |
| - Asia & Pacific | 3 648 | 3 888 | 3 157 | 2 788 |
| - Latin America & Caribbean | 2 262 | 2 864 | 2 512 | 1 978 |
| - Europe | 412 | 1 569 | 2 949 | 3 421 |
| - Interregional | 8 281 | 8 218 | 8 103 | 8 529 |
| IV. By programme: | | | | |
| - Globalization and Development Strategies | 1 966 | 2 505 | 2 590 | 2 889 |
| - International Trade in Goods and Services, and Commodities | 4 012 | 4 655 | 2 653 | 3 008 |
| - Investment, Technology and Enterprise Development | 792 | 1 665 | 2 180 | 2 812 |
| - Services Infrastructure for Development and Trade Efficiency | 9 971 | 9 923 | 11 528 | 12 536 |
| - Least Developed, Landlocked and Island Developing Countries | 1 130 | 484 | 427 | 163 |
| - Executive Direction and Management, and Support Services | 2 250 | 2 162 | 2 570 | 1 032 |

accounted in 1996 for 56 per cent of total technical cooperation expenditures. The three other Divisions, viz. International Trade in Goods and Services and Commodities (DITC), Globalization and Development Strategies (GDS) and Investment, Technology and Enterprise Development ( DITE), each represented about 13 per cent of total expenditures. The balance (5 per cent) was represented by the Office of the Special Coordinator for LDCs and by activities reported for the secretariat as a whole.

10. Within SITE, the programme on customs reform and automation (i.e. the Automated SYstem for CUstoms DAta - ASYCUDA) constituted about 60 per cent of the Division's activities in 1996 (expenditures totalling $12.5 million). This programme continues to attract demand from interested beneficiary countries, and is supported by a broad range of donors. Reports from one country[1] installing ASYCUDA indicate a dramatic increase in customs revenue (at least $215 million on an annual basis at just one customs entry point). It is anticipated that additional countries are expected to request UNCTAD's support for customs reform and automation. The Global Trade Point Network will also continue to expand as regards both the number of participating trade points and the nature of services provided. Other significant SITE activities include, as in earlier years, port management in Somalia, the development and implementation of the Advance Cargo Information System (ACIS) programme and the TRAINMAR programme.

11. DITC's technical cooperation has focused on the strengthening of trade capacities, assistance in dealing with international trading system issues, training and human resource development, and trade information, much of which now associated with assisting countries in the implementation of various results of the Uruguay Round. A number of countries, including China, the Russian Federation and Viet Nam, were assisted in the process of their accession to WTO. The TRAINFORTRADE programme continued to develop a number of training packages, with particular emphasis on international commercial diplomacy. There was further dissemination of the CD-ROM database on trade-control measures designed to enable users to search for, sort and analyse complex trade data in a manner not possible in a traditional library.[2]

12. Work in the area of commodities covered such issues as advice and training on commodity price risk management, the promotion of commodity exchanges in developing countries and the sustainable management of natural resources. Technical cooperation activities in the area of "trade, environment and development", as well as in competition law and policy, continued to respond to specific requests. It is expected that UNCTAD will be requested to provide expanded assistance as trade-related environment and competition issues take on new importance. However, the capacity to do so will depend critically on the mobilization of the necessary extrabudgetary resources.

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[1] The Philippines, where the ASYCUDA installation is financed by the Government, drawing on a World Bank loan.

[2] The World Bank has reported that it will save annually hundreds of thousands of US dollars by discontinuing its collection of trade data and relying instead on the UNCTAD database.

## Table 3

Technical cooperation activities, by Division/Programme, 1996:

**Expenditures as at 31 December 1996**

(In thousands of US$)

| DIVISION | 1996 | | | | |
|---|---|---|---|---|---|
| | UNDP (1) | TRUST FUNDS (2) | REGULAR PROGRAMME (3) | TOTAL (1 + 2 + 3) | % |
| GDS: Total | 612 | 2 277 | - | 2 889 | 12.9 |
| Macro-economic and Development Policies | (16) | 325 | - | 309 | 1.4 |
| Globalization, Development and Debt Management | 628 | 1 870 | - | 2 498 | 11.1 |
| *of which: - DMFAS Programme* | *628* | *1 757* | - | *2 385* | *10.6* |
| Special Programmes | - | 82 | - | 82 | 0.4 |
| DITC: Total | 969 | 2 038 | - | 3 008 | 13.4 |
| Trade Analysis and Systemic Issues | 878 | 839 | - | 1 717 | 7.7 |
| Commodities | 1 | 312 | - | 313 | 1.4 |
| Trade, Environment and Development | 77 | 326 | - | 403 | 1.8 |
| Competition Law & Policy and Consumer Protection | 14 | 104 | - | 117 | 0.5 |
| TRAINFORTRADE | - | 457 | - | 457 | 2.0 |
| DITE: Total | 829 | 1 983 | - | 2 812 | 12.5 |
| International Investment, Transnationals and Technology Flows | 243 | 525 | - | 768 | 3.4 |
| National Innovation and Investment Policies | 424 | 1 023 | - | 1 447 | 6.5 |
| Enterprise Development | 161 | 435 | - | 597 | 2.7 |
| SITE: Total | 3 296 | 9 240 | - | 12 536 | 55.9 |
| Trade Infrastructure | 3 272 | 7 209 | - | 10 481 | 44.6 |
| *of which: - ACIS* | - | *1 773* | - | *1 773* | *7.9* |
| *- Ports, Shipping and Training* | *818* | *322* | | *1 448* | *5.1* |
| *- ASYCUDA* | *2 389* | *5 101* | - | *7 490* | *33.4* |
| Business Facilitation | 9 | 267 | - | 276 | 1.2 |
| Services for Development | 0 | 826 | - | 826 | 3.7 |
| Global Trade Point Network (GTPNet) | 15 | 938 | - | 953 | 4.2 |
| EDM: Total | 412 | 83 | 538 | 1 032 | 4.6 |
| LDC: Total | 12 | 150 | - | 163 | 0.7 |
| GRAND TOTAL | 6 130 | 15 772 | 538 | 22 440 | 100.0 |

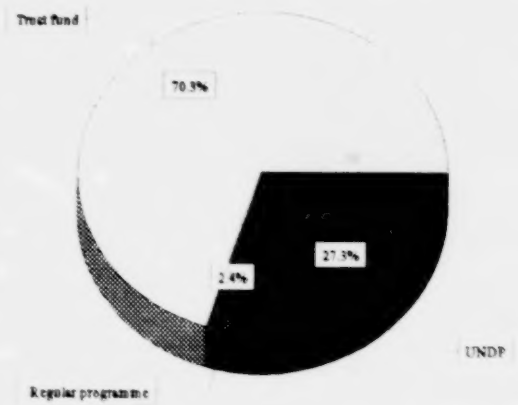
13. Support for debt management, through the promotion and installation of the Debt Management and Financial Analysis System (DMFAS) programme, represented over four-fifths of the technical cooperation activities of GDS in 1996. DMFAS activities, which are strongly supported by beneficiaries and donors, focused on the refinement and installation of the new version of the system ("DMFAS 5.0"), replacing the old 4.1 version. In 1996, seven new countries joined the list of DMFAS client countries, which now number nearly 40. Assistance continued to be provided to interested countries on Paris Club issues. Other GDS activities carried out in 1996 included the further examination of the legal issues of a global greenhouse gas emissions trading system, which contributed to growing international acceptance of such a system.

14. DITE's technical cooperation activities were carried out within the framework of three subprogrammes, namely national innovation and investment policies (52 per cent of the Division's activities), international investment, transnationals and technology flows (27 per cent), and enterprise development (21 per cent). Under the first component, UNCTAD assisted interested countries in attracting foreign investment through training and advice on specific investment issues - for example, the regulatory framework - and initiated policy reviews on investment and on technology and innovation. Activities under the second component included work on the preparation of the *World Investment Report* and the link between foreign direct investment and trade in services. Under enterprise development, activities focused on the further expansion of the EMPRETEC programme aimed at promoting entrepreneurship and the fostering of SME links with foreign companies. Assistance under the heading of accountancy provided training for the staffs of public and private sector enterprises, particularly in transition economies, in implementing accurate auditing laws and standards according to internationally accepted accounting principles.

Trends in the mobilization of resources

15. UNCTAD's technical cooperation activities are financed from three main sources, namely trust funds, UNDP and the UN regular programme for technical cooperation. As noted in previous reports, UNDP was until a few years ago the main source of support for UNCTAD's technical cooperation programme: as late as 1989, it financed more than 80 per cent of total expenditures, a figure which dropped to 35 per cent in 1995 and to only 27 per cent in 1996 (figure 2). There are a number of reasons for this decline, arising in part from a UNDP decision to decrease the relative shares of funding for UNDP regional and interregional programmes, which have traditionally provided an important source of technical cooperation for trade and development, and in part in changing UNDP priorities originating in the series of recent United Nations conferences that have emphasized social issues.

Figure 2. Expenditure by source of funds, 1996



16. However, recent indications suggest that the downward shift in UNDP funding is likely to be reversed. There is now appreciation of the fact that multilateral technical cooperation for trade and investment can make a substantial contribution to the UNDP agenda of sustainable human development, including poverty alleviation. UNCTAD is recognized for its comparative advantage in dealing with trade-related technical cooperation. Earlier in 1997, UNDP and UNCTAD agreed on a new programme that will seek to promote the effective integration of low-income developing countries in the international economy through increased investment and expanded trade.

Table 4

UNCTAD trust fund contributions by category a (1983-1996)
(In US$)

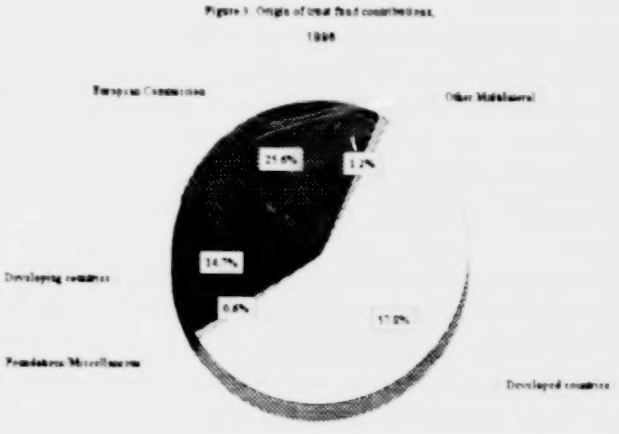
| | Category | 1992 | 1993 | 1994 | 1995 | 1996 |
|---|---|---|---|---|---|---|
| 1 | Developed countries' contributions<br>(Of which associate experts) | 8 252<br>(784) | 7 856<br>(632) | 10 860<br>(536) | 10 906<br>(672) | 12 732<br>(518) |
| 2 | Developing countries - General contributions | 42 | 174 | 190 | 218 | 1 012 |
| 3 | Developing countries - Self- supporting b | 396 | 990 | 2 686 | 2 096 | 2 229 |
| 4 | European Commission | 1 595 | 444 | 1 780 | 4 123 | 5 634 |
| 5 | Other "Multilateral" c | - | 408 | 888 | 297 | 272 |
| 6 | Foundations Miscellaneous | 130 | 249 | 195 | 243 | 135 |
| | TOTAL | 10 413 | 10 121 | 16 608 | 17 882 | 22 013 |

a Exclusive of third-party cost-sharing contributions through UNDP.

b For activities in their own countries, financed from government resources or through loans from the World Bank and regional development banks.

c World Bank, UN, FAO, OECD, UNEP and UNIDO.

17. Trust fund contributions are provided on a voluntary basis by individual governments, organizations, NGOs, the enterprise sector and foundations. Table 4 (see also Annex II for the complete list of contributors) shows the growth in trust fund contributions, by category, over the last few years. A total of $22.0 million was received in 1996, an increase of 22 per cent over the 1995 level. Over 40 governments and a score of organizations contributed to UNCTAD trust funds in 1996 (see figure 3). About 58 per cent of trust fund contributions came from developed countries. Four countries (Denmark, Netherlands, Switzerland and



the United Kingdom) accounted for 38 per cent ($8.3 million) of total trust fund contributions in 1996. The European Commission, which in 1996 provided 25 per cent of total contributions, is now a major source of support for a number of UNCTAD programmes, including ASYCUDA, ACIS, TRAINFORTRADE, TRAINMAR, TRAINS and accountancy training.

18. Developing countries are also increasing their contributions to UNCTAD's technical cooperation, to about 15 per cent of the total in 1996. These contributions take the form of either general-purpose support for other developing countries or "self-financing" arrangements involving the provision of specified services (e.g. ASYCUDA) by UNCTAD in their countries. Such services are generally financed by utilizing the proceeds of loans or grants from the World Bank or the regional development banks.

19. Concern has been expressed that increased reliance on trust fund contributions to finance UNCTAD's technical cooperation may result in donor-driven priorities. The dangers inherent in such an approach may be mitigated by a number of measures, including (i) adhering to the priorities established at UNCTAD IX and reflected in the recently approved technical cooperation strategy, (ii) regarding the plan for technical cooperation as the basis for submissions to donors, (iii) ensuring effective intergovernmental oversight of UNCTAD's technical cooperation programme, (iv) attracting more support from UNDP and other multilateral channels of technical cooperation, and (v) encouraging untied contributions - for example, to the first window of the LDC trust fund. The Board might wish to keep this matter under review.

20. In December 1996, UNCTAD and the Swiss Government agreed to establish an overall bilateral trust fund, with Switzerland agreeing to contribute to UNCTAD's trade-related technical cooperation projects mutually agreed through consultation. Similar types of arrangements have been in place with France, Italy and the Netherlands for a number of years, and have helped to promote improved coherence in UNCTAD's operational activities. Given the satisfactory experience with such arrangements, other governments are invited to consider instituting similar modalities.

21. Also in 1996, the Secretary-General decided to establish a trust fund for the least developed countries to support reform initiatives in the trade and investment sector, including the enhancement of export supply capacities and the mobilization of public and private resources for development. Over $2 million in contributions from both developed and developing countries have been pledged or paid to the trust fund, which is now operational. Most of these contributions are tied to specific projects for LDCs. Untied contributions have been used, in 1997, for the development of UNCTAD-wide integrated country programmes in selected LDCs (see section V below).

22. Prospects for the future sustainability of trust fund activities are never certain, given the project-specific nature of such funding arrangements. As noted earlier, a limited number of countries contributed the bulk of the developed country financing of trust funds. There is scope for broadening and diversifying such support, commensurate with the required support of LDCs' and of other low-income countries' initiatives and efforts. There is also a need, in as many donor countries as possible, to prioritize more clearly low-income countries in activities financed by bilateral or multilateral trust funds that require intensive support for human resource development and institution-building.

23. UNCTAD benefited in 1996, as in previous years, from contributions from several donors for associate experts provided by the donor country or recruited from developing countries. The experience has been beneficial both for UNCTAD's technical cooperation programmes and for the individual associate experts, who have made valuable contributions while enhancing their own experience and awareness of development problems. UNCTAD will continue, and where possible expand, the associate expert programme, particularly by seeking support for associate experts from developing countries.

## II. STRATEGY AND PLAN FOR TECHNICAL COOPERATION

24. UNCTAD IX, in paragraph 96 of the final document of the Conference, requested the Board to "set out a strategy for the coherence of regular and extra-budgetary programmes that seeks to strengthen the linkages between analytical work and technical cooperation". The Board adopted the Strategy (TD/B/EX(14)/3) at its fifteenth executive session in June 1997.

25. The purpose of UNCTAD's technical cooperation, according to the Strategy, is to promote the integration of developing countries and countries with economies in transition into the world economy and to assist governments in creating and strengthening the policy and institutional environment for development. Key elements of the strategy include:

- the **demand-driven nature** of UNCTAD's technical cooperation,
- focus on **human and institutional capacity-building**,
- priority given to **least developed countries,** with an increase incrementally in their share of technical cooperation in absolute and relative terms;
- **integration** of technical cooperation with UNCTAD's analytical work and in support of intergovernmental deliberations,
- **flexibility** in the **forms** of technical cooperation and in the **modes of delivery**,
- emphasis on **cooperation - or partnership** - with other organizations, and
- **coherence** among UNCTAD activities in a given programme area and/or country/region.

26. In subsequent reports to the Board and the Working Party on technical cooperation, the Secretary-General will provide information on the implementation of the Strategy.

27. Also in paragraph 96, the Conference invited the Board to consider annually "an indicative rolling three-year plan for technical cooperation". The Board, at its fourteenth executive session in March 1997, took note of the first-three year Plan, for 1997-1999, prepared by the secretariat. The

Plan lists ongoing and new or proposed activities, by programme. Inclusion of new proposals was based on one or more of the following considerations:

- a request from a beneficiary country, accepted by the secretariat subject to the mobilization of the necessary funds;

- implementation of action requested by UNCTAD IX, the Board or a Commission; or

- implementation of the work programme set out in the revised narrative for the 1996-1997 programme budget.

28. The Plan provided for expenditures of some $68 million over the three years, compared with about $22 million in 1996. It is anticipated that over the period of the Plan as a whole, activities in LDCs will show an increase from the present level of about 30 per cent to 40 per cent by 1997. Activities in Africa and in Asia/Pacific would increase in relative terms, while those in Latin America/Caribbean and in Central and Eastern Europe would decline, particularly in the latter region.

29. Technical cooperation activities for *services infrastructure and trade efficiency* would continue to constitute about half of the overall programme, followed by *trade in goods and services and commodities; investment, technology and enterprise development*, and *globalization and development strategies*. The plan proposes action related to the priority areas set out in paragraph 97 of the final document of UNCTAD IX:

- support for the integration of developing countries and countries in transition into the international trading system through enhancing institutional and human capacities, including the strengthening of export supply capacities in LDCs and other low-income countries, assistance in acceding to WTO, work in the area of trade and the environment and competition policy, and the use of commodity risk management instruments;

- supporting the formulation of national policies, through national reviews of investment, science and technology, enterprise development, and national assessments of trade efficiency;

- further enhancement and dissemination of UNCTAD's information technology programmes for customs automation, debt management, cargo tracking, the trade point programme, and trade and investment data banks; and

- increased support for training and human resource development programmes for trade and investment.

30. It is envisaged that improvements will be made to the quality of information presented in the Plan, so as to disseminate to beneficiaries information on UNCTAD's technical cooperation, to facilitate discussions with potential donors and to enhance internal monitoring. This might include,

for example, additional financial data and short descriptions of all *new* proposals. The Working Party is invited to review this matter at its forthcoming session, on the basis of which the next rolling three-year plan, 1998-2000, could be prepared for consideration by the Trade and Development Board in executive session later in the year.

## III. PARTNERSHIPS WITH OTHER ORGANIZATIONS

31. Information in this section covers cooperation with other organizations as regards technical cooperation during 1996 and the first part of 1997. This section should be read in conjunction with document TD/B/EX(14)/2 entitled "UNCTAD's cooperation with international organizations in the field of trade and development", issued in March 1997 and discussed at the fourteenth executive session of the Trade and Development Board. The information included in this section is complemented by that provided in Annex I, which contains the programme-by-programme descriptions of UNCTAD's technical cooperation activities.

32. Because of its role as the focal point within the United Nations system for the integrated treatment of development and interrelated issues in the areas of trade, finance, investment, technology, services and sustainable development, UNCTAD needs to cooperate closely with other organizations.

33. A number of mechanisms are available to facilitate joint cooperation, and UNCTAD has intensified its efforts to develop the most appropriate joint arrangements to respond to substantive needs and circumstances. These have taken the form of ad hoc inter-agency task forces, steering committees, letters/memoranda of understanding, and formal agreements.

34. UNCTAD's increasing cooperation on operational activities with ITC and WTO has been a major feature of the last year or so. In late 1995, the Government of Switzerland hosted a seminar - as part of the preparations for UNCTAD IX - on coordination among the main trade-related technical cooperation organizations. At UNCTAD IX, the heads of ITC, WTO and UNCTAD launched an integrated technical cooperation programme for Africa: so far joint missions have been undertaken in eight African countries, four of which are LDCs. Technical cooperation programmes have been prepared for each of these countries, and funding is being mobilized for implementation. Also at UNCTAD IX, a note was circulated describing the technical cooperation programmes of the three organizations.

35. The Singapore Ministerial Declaration called on UNCTAD, WTO and ITC to hold a high-level meeting on the trade development of LDCs, with the support of the World Bank, UNDP and the IMF. The meeting, which will take place in October 1997, is expected to launch an integrated approach to trade-related technical cooperation for the LDCs.

36. Two other developments deserve mention. First, a specific example of country-level coordination of trade and investment related technical cooperation is under way in Viet Nam. This is being undertaken through the modalities of a UNDP-Swiss-financed and UNCTAD-implemented project designed to facilitate Viet Nam's integration into the international trading system. Second, the Development Assistance Committee of the OECD organized an expert meeting in March 1997 - with

UNCTAD's participation - to recommend how bilateral and multilateral aid programmes could support trade development in low-income countries. The forthcoming high-level meeting on the trade development of LDCs will provide the opportunity to build on the increased interest in trade and investment related technical cooperation.

37. ITC. Cooperation with ITC continues to focus on the trade efficiency programme. An inter-agency task force on the matter comprising UNCTAD, ITC and the Economic Commission for Europe (ECE) meets every two months. ITC contributes to the trade point programme. In addition, efforts are being made to strengthen collaboration with ITC in other areas, including training and human resource development, enterprise development, and capacity-building for trade policy and trade promotion policy and implementation. Several projects in these areas are either executed jointly or contain modules executed by the other agency.

38. UNDP. At the last session of the Board, delegations encouraged greater collaboration between UNDP and UNCTAD. In response to a direct proposal from the UNDP Administrator for a joint UNDP/UNCTAD programme, both organizations have agreed on policy-related work and operational follow-up designed to enhance the trade and investment dimension of sustainable human development and poverty alleviation. Information on other areas of UNDP/UNCTAD cooperation is contained in Annex I.

39. UNIDO. The Executive Heads of UNCTAD and UNIDO signed in July 1996 a communique launching a joint programme to help African countries improve the environment for investment flows and transfer of technology, and strengthen their business capacities. The programme aims at strengthening the complementarity between the two organizations by focusing on science and technology, investment promotion and enterprise development. A pilot-seminar on investment in LDCs organized jointly by UNCTAD and UNIDO took place in Geneva from 23 to 25 June 1997.

40. The World Bank. The first of a planned series of regular meetings between the World Bank and UNCTAD took place in Geneva in October 1996, covering both cooperation on research issues and operational activities. Agreement was reached to put the two organizations' ad hoc cooperation on a more institutional footing. The Bank supports UNCTAD's Debt Management and Financial Analysis System (DMFAS) through a joint programme. It relies heavily on UNCTAD's trade data. Together with the Bank, UNCTAD is handling the UNDP-funded Expansion of Foreign Direct Investment and Trade in Services (EFDITS) technical cooperation project. Bank borrowers utilize UNCTAD to provide a variety of services (see paragraph 18).

41. WTO. Cooperation between WTO and UNCTAD exists also in relation to other trade matters, and in particular as regards assistance to countries acceding to the WTO. In this connection, UNCTAD and WTO jointly participate in seminars, workshops and advisory missions for countries which are acceding to WTO or planning to do so.

Regional Commissions

42. At a meeting held in July 1997, the Secretary-General of UNCTAD and the Executive Secretaries of the five regional commissions agreed to seek new and additional ways of enhancing their joint collaboration in the areas of trade, investment and transport. Progress will be reported to the Board in 1998. The following paragraphs describe existing arrangements.

43. ECA. Collaboration derives from the implementation of the special programmes on Africa that originate from the General Assembly as well as the United Nations System-wide initiative on Africa. UNCTAD and ECA signed in May 1997 a Framework of Cooperation which contains concrete proposals for future collaboration between the two organizations. In particular, they will collaborate in the follow-up to the First WTO Ministerial Conference and in activities to help African countries adequately prepare for the Second WTO Ministerial Conference, to be held in 1998. UNCTAD participated in the twenty-third meeting of the Conference of Ministers of ECA (May 1997), including in the high-level panel of the Conference. It is contributing to the preparation of the conference of African Ministers of Transport, to be convened by ECA in Cairo in November 1997.

44. ECE. As mentioned above, UNCTAD, ITC and ECE cooperate closely in the area of trade efficiency. There is also extensive cooperation as regards trade and transport issues, including cooperation in rehabilitation of trade among the CIS countries and improving transport and transit-transport in Eastern Europe and Central Asia. A meeting was held jointly by UNCTAD/ECE and the International Road Transport Union (IRU) from 5 to 7 May 1997 to discuss how advanced information technologies (IT) can be used to solve major transit problems.

45. ECLAC. UNCTAD and ECLAC are identifying the specific trade and investment issues that lend themselves to increased cooperation at the regional and global levels.

46. ESCAP. UNCTAD collaborates with ESCAP (as well as WIPO, ITC and the World Bank) in the UNDP-financed Asia Programme on Trade and Investment during the fifth cycle (1992-1997). UNCTAD is responsible for the trade policy component. Past collaboration has largely taken the form of regional seminars on a range of topics, including post-Uruguay Round issues. The UNCTAD/ESCAP Conference on Information Technology and Electronic Trading, held in Bangkok in May 1997, contributed to the expansion of the Global Trade Point Network (GTPNet).

47. ESCWA. At the time of preparing this report, ESCWA and UNCTAD were discussing a memorandum of understanding that sets out the main areas of cooperation.

## IV. FINANCIAL SELF-SUSTAINABILITY AND COST RECOVERY

48. Questions related to the financial self-sustainability of some of UNCTAD's technical cooperation programmes have been under consideration for some time. The general argument is that some element of cost-sharing or cost recovery from beneficiaries is necessary in certain programmes, so as to ensure their financial sustainability. Several donors have indicated that they are ready to consider continued support for successful and relevant programmes on that basis.

49. In their 1994 review of UNCTAD's technical cooperation, two independent consultants (Dame Margaret J. Anstee and Leelanda de Silva) went further and envisaged the possible establishment of a consultancy firm, closely associated with UNCTAD, "which would be entrusted with the task of development and sale of computer software and other computerized systems" (TD/B/40(2)/14, paragraph 136). The Board, as part of its technical cooperation policy review, invited the secretariat to hold consultations on the terms of reference for a feasibility study on this subject and welcomed Switzerland's financial support for such a study (paragraph 9(1) of Agreed Conclusions 421 (XLI). The feasibility study was duly undertaken and the consultants' report is available to delegations. The conclusions of the study are referred to in paragraph 52 below.

50. In the meantime, and in the same vein, the Midrand Declaration (paragraph 93 (b)) requested UNCTAD to "explore means to make such programmes as ACIS, ASYCUDA, TRAINMAR, TRAINFORTRADE and the Global Trade Point Network financially self-sustainable". This point was followed up in UNCTAD's Technical Cooperation Strategy, adopted by the Board in June 1997, which states in paragraph 15 that "the UNCTAD secretariat will continue its exploration of making selected programmes financially self-sustainable with a view to presenting its proposals in 1997" (TD/B/EX(14)/3).

51. The technical cooperation programmes mentioned in paragraph 93(b) of the final document of UNCTAD IX (to which should be added DMFAS) comprise activities at the national and regional levels financed exclusively from extrabudgetary resources. At the central level, the secretariat backstopping is provided through both extrabudgetary and regular resources. Central support is needed in the case of computer systems, for the purpose of software development and enhancement and to maintain the systems, as well as for database management (e.g. in the case of TRAINS). In the case of training programmes, support is necessary for the development of new training packages and other pedagogical tools. All these activities, as well as other central functions such as demonstrations and promotion of the systems, have so far been made possible with the generous support of donors acting through interregional projects. Several donors, while continuing to be supportive of UNCTAD's work in these areas, have indicated their wish for an understanding of how some of the programmes could be made financially self-sustainable.

52. In the light of the above, and in particular taking into account the findings of the feasibility study by the consultants mentioned above, it would appear the idea of an autonomous consulting company does not seem to be feasible in the foreseeable future. UNCTAD could, however, introduce or systematize some measure of business orientation and cost recovery in selected operations. The specific programmes concerned would in the first instance be ACIS, TRAINS, ASYCUDA, DMFAS and GTPNet.

53. In order to give practical effect to this business/cost recovery approach the following arrangements are being proposed, subject to their approval by United Nations headquarters. In some instances the arrangements constitute elaborations of practices already current.

(a) In the case of established software programs (DMFAS, ASYCUDA, ACIS):

- Part of the earlier software development costs would be recouped from *new* users. Thus, a contribution would be requested whenever new projects are negotiated, which would be fully used for further system enhancements.

- A maintenance contract ( corresponding to "user fees") would be proposed to existing (and new) users. In return for entering into such a contract, the client would be entitled to receive certain minimum services of software maintenance and updates, including through a "hot line" service.

- The contributions received from the above sources would be credited to the corresponding "central team support" trust fund project for the programme concerned, which would be established and managed like other technical cooperation trust funds.

(b) In the case of TRAINS, a trust fund was established in 1991 to receive contributions for the development, maintenance and dissemination of the database. Consideration is being given to the establishment of other trust funds for similar purposes, including a trust fund for GTPNet. It is proposed to make services/access to data increasingly available to users against contributions to these trust funds, it being understood that such contributions can be financed in a variety of ways, including through aid programmes.

54. In all the above arrangements, standard scales of contributions would be established taking into account the value of the services provided, market conditions, and the users' to pay.

55. It should be noted that even when all these arrangements are put in place, the contributions received will not be expected to fully cover the cost of running the programmes concerned. A mixture of funding will continue to be required to ensure the financial sustainability of the programmes. Such funding could be drawn from continued extrabudgetary contributions from donors and allocations from support cost income available to UNCTAD (see section V below). In addition, the programme budget of the United Nations will continue to support such programmes in accordance with agreed priorities, in order to promote the interaction between the regular work of the secretariat and operational activities set out by UNCTAD IX and by the strategy for UNCTAD's technical cooperation.

## V. OTHER MATTERS

Integrated country programmes for least developed countries

56. Following its discussion on least developed countries at its forty-third session in October 1996, the Board noted that the "integration of LDCs into the world economy ... would entail the development of export capacities to produce tradeable goods and services on a competitive basis. In this regard, the Secretary-General of UNCTAD is encouraged to elaborate UNCTAD-wide integrated country-level programmes for selected LDCs by pooling the contributions of its Divisions, in accordance with the priorities identified by the LDCs concerned".

57. Preparatory work to launch integrated country programmes has been initiated in 1997 in Bangladesh, Cambodia, the Gambia and Madagascar. The nature of such programmes will vary from country to country. In the case of Bangladesh, for example, the work has been carried forward jointly with ESCAP, ITC, UNDP and WTO. In Cambodia, specific activities (on customs automation and trade efficiency) have been started, pending the outcome of a review of technical cooperation for trade and investment that will form the basis for an integrated programme. Together with ITC, UNCTAD has identified a range of possible activities in the Gambia and in Madagascar. This preparatory work has been financed by the LDC trust fund.

Evaluation of technical cooperation programmes

58. Two programme evaluations are currently being conducted of TRAINFORTRADE and DMFAS. Their results will be reported to the Working Party at its forthcoming session.

Management of technical cooperation

59. Technical cooperation in UNCTAD is a collective effort, involving the whole of the secretariat. Divisions have responsibility for the design and preparation of programmes and projects, for their implementation, which requires the exercise of quality control (pursuant to paragraph 23 of the Strategy on Technical Cooperation), for monitoring delivery, and for the achievement of project results. Each project is managed by an officer designated by the divisional director. The Administrative Service certifies all commitments and obligations and their conformity with United Nations rules and regulations. The responsibilities of the unit in charge of Inter-Organizational Affairs and Technical Cooperation include the promotion of an integrated and coherent approach to UNCTAD's technical cooperation, in accordance with paragraph 22 of the Strategy, the submission to donors of project proposals and the preparation of the rolling three-year plan for technical cooperation. An inter-divisional task force on technical cooperation will be established to review overall technical cooperation policy in implementation of the Strategy and to assess developments, for example, regarding resource mobilization or new and innovative modes of delivery.

60. A transparent and equitable policy on support costs has now been introduced, whereby one-half of the support cost income is available for use by the Division responsible for the implementation of the project and one-half is available for use by central services.